

with the Senator from Louisiana to address the questions raised by the Senator. We look forward to an expeditious response from the Administration.

Mr. BAUCUS. I thank my good friend from Iowa.

Mr. HARKIN. Madam President, I am pleased that we are passing the Armed Services Tax Fairness Act that will make a number of useful tax changes benefitting our military personnel including the National Guard and Reserve. It includes a provision that I introduced that broadens the allowable membership of veterans organizations so ancestors and descendants can be members. This will allow veterans organizations, particularly at the local chapter level to preserve as tax exempt a variety of their activities which otherwise would be subject to tax as the number of veterans who are members decline.

Unfortunately, because of opposition from the House, this measure does not include a provision passed by the Senate on an earlier version of the Armed Services Tax Fairness Act that I feel very strongly about. I introduced it earlier this year. It was companion to a measure introduced by Congressman RANGEL.

My bill blocks the ability of the very rich to reduce their taxes by renouncing their U.S. citizenship. The Joint Tax Committee has estimated that it will raise \$656 million from a very few people who I call Benedict Arnolds. These are people who turn their back on their country which provided so

well for them so they can avoid paying their fair share of U.S. taxes.

Under current law, there are special rules that apply to these former citizens that appear to recover funds lost to the Treasury. But, they are full of holes. Under the current regime, for 10 years after a U.S. citizen renounces his or her citizenship with a principal purpose of avoiding U.S. taxes, the person is taxed at the rates that would have applied had he or she remained a citizen. Actually the tax is nominally on a broader base of income and on more types of transactions. In addition, if the expatriate dies within 10 years of the expatriation, more types of assets are included in his or her estate. But, the reality is that taxes are very often not paid.

The reality is that once a person has expatriated and removed U.S. assets from U.S. jurisdiction, it is extremely difficult to enforce the current rules, particularly for an entire decade after the citizenship is renounced. The measure I introduced simply provides that the very act of renouncing ones citizenship triggers the recognition of tax. So, rather than collecting tax every time an asset is sold over the next decade, my bill treats all of the assets of an expatriate as having been sold the day prior to when the person renounces their citizenship. The taxes are due up front rather than over time. In regard to estate taxes, rather than attempting to collect the tax from the estate of an expatriate not in U.S. jurisdiction, my measure taxes the inheritance of an

heir remaining in the U.S. in such a way as to remove any tax benefit from the renouncement of citizenship.

Madam President, \$656 million in revenue from these very few former citizens is a lot of revenue that must be made up by loyal Americans or in higher debt that Americans will face. I intend to reintroduce my measure at the beginning of the next Congress and will be working hard for its passage at the earliest possible point.

Mr. REID. I ask unanimous consent that the Baucus amendment at the desk be agreed to, the bill be read three times and passed, the motion to reconsider be laid on the table, and any statements be printed in the RECORD, with no intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 4961) was agreed to.

(The amendment is printed in today's RECORD under "Text of the Amendments.")

The bill (H.R. 5557), as amended, was read the third time and passed.

PROGRAM

Mr. REID. Madam President, I announce that a motion to proceed to the terrorism insurance conference report is possible at about 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.